

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

ACDA-19 IO-14 EB-11 COME-00 INT-08 SCEM-02 SCI-06

OMB-01 TRSE-00 AID-20 DRC-01 /174 W

----- 064830

P R 231241Z NOV 73

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC PRIORITY 3897

INFO DIA

CINCPAC

SECDEF

COMUSSAG

RHMSMVABADAO SAIGON

AMEMBASSY BANGKOK

AMEMBASSY SAIGON

AMEMBASSY SINGAPORE

AMEMBASSY VIENTIANE

S E C R E T PHNOM PENH 12901

E.O. 11652: GDS

TAGS: ENRG, CB

SUBJ: CAMBODIA RESUPPLY: POL SUPPLY CRISIS

REF: (A) PHNOM PENH 12872; (B) PHNOM PENH 12877; (C) STATE

230205

(D) PHNOM PENH 12829

1. AS OUTLINED IN REFERENCE (A) THE OUTLOOK IS BLEAK FOR SUPPLYING POL TO CAMBODIA. AT THE MOMENT ESSO IS OUT OF THE PICTURE HAVING ALREADY COMPLETED ITS CONTRACT COMMITMENTS TO THE CIVIL SECTOR ABOUT TWO MONTHS AGO AND BEING UNABLE TO SUPPLY THE MILITARY SECTOR OUT OF SINGAPORE; CALTEX IS RENEGING ON ITS SUPPLY COMMITMENTS; AND SHELL HAS ANNOUNCED A 40 PERCENT REDUCTION IN SUPPLYING ITS CONTRACT COM-

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MITMENTS. AT THE MOMENT SUMMIT APPEARS TO BE THE ONLY OUTSIDE

POSSIBILITY IN THE SUPPLY PICTURE AND THONN OUK, PRESIDENT DIRECTOR-GENERAL OF TELA KHMER IS NOW IN BANGKOK TRYING TO NEGOTIATE WITH SUMMIT FOR THE ADDITIONAL QUANTITIES NEEDED FOR THE CIVIL SECTOR (REFERENCES (A) AND (B)).

2. IN ADDITION TO QUANTITIES ENROUTE OR KNOWN TO BE COMMITTED, THE REQUIREMENT FOR THE CIVIL SECTOR PRIOR TO DECEMBER 31, IS 39,200 CUBIC METERS AND 1,824 CUBIC METERS FOR THE MILITARY SECTOR. BEGINNING JANUARY 1, THE TOTAL REQUIREMENT WILL BE 29,000 CUBIC METERS PER MONTH, OF WHICH 7,800 WOULD BE FOR THE MILITARY AND 21,200 FOR THE CIVIL SECTOR. EVERY EFFORT MUST BE EXERTED TO OBTAIN THESE SUPPLIES.

3. THERE ARE SOME SPECIFIC ACTIONS WHICH WE RECOMMEND BE TAKEN BY STATE AT AN APPROPRIATELY HIGH LEVEL. WE RECOMMEND THAT IN ADDITION TO ACTION REQUESTED IN REFERENCE (D) WITH REGARD TO EXXON, BOTH CALTEX AND SHELL BE CONTACTED IN AN EFFORT TO OBTAIN REVERSAL OF THEIR POSITIONS DESCRIBED PARA. 1. ABOVE. NOT ONLY SHOULD WE SEEK REVERSAL OF THEIR POSITIONS BUT ALSO A PITCH SHOULD BE MADE FOR A COMMITMENT TO FURNISH ADDITIONAL SUPPLIES. IT SHOULD BE EMPHASIZED THAT THE QUANTITIES INVOLVED ARE RELATIVELY SMALL. NEVERTHELESS, THESE SMALL QUANTITIES COULD MEAN THE DIFFERENCE BETWEEN SURVIVAL OR NOT OF THE GKR.

4. FROM OUR TALKS WITH LOCAL POL REPRESENTATIVES IT IS ABUNDANTLY CLEAR THAT FURTHER SHARP INCREASES IN PRICES CAN BE EXPECTED. WE ARE TOLD BY SHELL THAT IN THE COURSE OF DISCUSSIONS WITH AID/W, SHELL/WASHINGTON RECEIVED AN UNSATISFACTORY RESPONSE REGARDING THE POSSIBILITY OF AID/W APPROVING PRICE INCREASES. WE MAY AS WELL ACCEPT THE FACT THAT IN THIS PERIOD OF SHORT SUPPLY, PRICES ARE GOING TO GO UP AND WE WILL HAVE TO PAY THEM. BELIEVE WASHINGTON AGENCIES SHOULD TAKE SUCH A POSITION ON PRICING IF ANY POL SUPPLIES ARE TO BE OBTAINED.

5. IN ADDITION TO THE FOREGOING, WE RECOMMEND THAT STATE AUTHORIZE EMBASSIES SINGAPORE, SAIGON AND BANGKOK TO MAKE THE FOLLOWING REPRESENTATIONS: (A.) SINGAPORE: APPROACH THE GOB TO DETERMINE ITS POSITION REGARDING EXPORT OF POL TO CAMBODIA FOR THE CIVIL SECTOR. WE ARE AWARE OF THE GOS' POSITION REGARDING MILITARY SUPPLY AND ASSUME THAT IT CANNOT BE REVERSED. HOWEVER, IF THE GOS WERE TO

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ADVISE SHELL THAT IT HAD NO OBJECTION TO SHELL'S SUPPLYING THE CAMBODIA CIVIL SECTOR, THIS MIGHT ENCOURAGE SHELL TO REVERSE RECENT SUPPLY DECISIONS.

(B.) SAIGON: CONTACT CALTEX REGARDING ITS DECISION TO DISCONTINUE SUPPLYING CAMBODIA. AS AN AMERICAN FIRM IT WOULD APPEAR TO BE IN CALTEX' LONG-TERM INTERESTS TO CONTINUE ITS SUPPLY AT THIS CRUCIAL TIME. TO REPEAT, THE QUANTITIES ARE RELATIVELY

SMALL.

(C) BANGKOK: CONSIDERING THAILAND'S MORE FAVORABLE SUPPLY SITUATION VIS-A-VIS THE ARAB COUNTRIES, DETERMINE IF POSSIBLE FROM THE RTG JUST HOW FAR IT IS WILLING TO GO TO EXPORT POL TO CAMBODIA. WE BELIEVE THESE TALKS SHOULD SPECIFICALLY MENTION THE MILITARY SECTOR (REF. (C) AS WELL AS THE CIVIL. ALSO, OF COURSE, WE WOULD WANT EMBASSY BANGKOK TO MAKE THE REPRESENTATIONS TO SUMMIT REQUESTED IN REFERENCE (B).

6. ON OUR PART, WE ARE PREPARED TO MAKE A DEMARCHE TO THE GKR THAT POL COMPANY PROFITS BE TRANSFERRED ON A REGULAR BASIS, E.G., QUARTERLY AT THE RATE OF EXCHANGE OBTAINING AT THE END OF THE QUARTERLY AT THE RATE OF EXCHANGE OBTAINING AT THE END OF THE QUARTER IN WHICH EARNED. THIS ADVICE TO THE POL COMPANIES MIGHT ENCOURAGE FULLER COOPERATION.
ENDERS

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